

***Nu-West Development Corporation Ltd.
1971 Annual Report***

nu·west

Your Company recorded substantial growth in 1971 with total revenue advancing from \$28,200,000 in 1970 to \$38,100,000 in 1971. Net income increased by over 30% from \$911,493 to \$1,185,639 or 70 cents per common share.

While our revenue and profit show excellent growth, they did not meet our more optimistic projections. The last quarter occupancies, and profits on some of our housing sales, were lower than previous expectations. We are dedicating ourselves to increased earnings by concentrating on greater efficiency throughout our entire operation during 1972.

During the past year, we carried out significant expansions. Our land and housing divisions initiated development and building in Vancouver and Kamloops, British Columbia. As a result, both land and housing sales made, but not yet taken into income, have increased.

Our land division has been a major contributor to our growth and overall profits. Our direct and joint venture land holdings were approximately doubled during the year. Nu-West now owns, or controls, over 2,000 acres of raw and serviced land in Alberta and British Columbia.

Additionally, we have access to 6,000 acres of raw and serviced land through partially-owned joint venture companies. These include Carma Developers Ltd., Calgary; Sur-Del Builders Development Ltd., Vancouver, and a new joint venture company in Kamloops, British Columbia, which has recently commenced operations in conjunction with the new housing division we have established in that City.

During 1971, we increased our ownership in Carma Developers from approximately 19% to 38% and an option was obtained on an additional 6% of this company's shares. Our interest in Sur-Del Builders Development, a Vancouver area joint venture company,

Model home presentation is a prime factor in Nu-West's successful merchandising of single-family homes. Architectural variety, blended with professional interior decorating, forms the substance of exposing potential buyers to better lifestyles: model homes in Surrey, British Columbia and Canyon Meadows, Calgary.





increased from 10% to 20%, and our ownership of Base Holdings Ltd., an Edmonton based land development company, was increased from 10% to 35%.

Carma Developers, one of Canada's largest land development companies, has continued its progressive, planned expansion and is now in the process of acquiring Base Holdings Ltd.

An independent appraisal has been made of Nu-West's land holdings, as well as the land held by the joint venture land development companies. Based on these appraisals, land held by your Company has increased in value by \$4,391,000; and the proportionate share of increase in value of the land held by Carma Developers, Base Holdings and Sur-Del Builders is \$4,950,000. This means that the market value of our total land holdings, both direct and indirect, exceeds the cost recorded in the statements by \$9,341,000.

Our land development capacity is a key factor in our total building process. It enables us to provide a steady supply of lots to accommodate our planned housing programs and contributes substantially to your Company's earnings.

Our policy during 1971 has been to encourage the growth of our land position in all areas. This policy is expected to continue through 1972 and the balance of the seventies.

In the property management field, we have completed the 240-unit Croydon Court town-house project in North Calgary and the second phase of Canyon Glen, comprising 80 units in South Calgary. We have purchased the equity of our partner in Canyon Glen which now gives us 100% ownership of this 170-unit complex. We sold the 171-unit Cedarbrae Apartments and continue to manage this complex under a leaseback agreement.

The effect of these transactions was to increase

The booming resource town housing market, as depicted by Nu-West homes under construction in Elkford, British Columbia; On-going education of Nu-West personnel, essential to Company growth, takes various forms including evening seminars and 'in-put' sessions; On-site mass production is still the most economical form of building for the residential market.

your Company's tax shelter and reduce the amount of working capital invested. During the year, the number of rental units under Nu-West management rose from 413 to 730 while fully owned rental units increased from 291 to 537.

We improved our financial base in 1971 by issuing a \$3,000,000 public convertible debenture and by placing a \$4,000,000, 6 year term loan. This combination of additional financing and the increase in retained earnings provides a strong foundation on which to continue our growth.

The outlook for 1972 is good. There is every indication that your Company will enjoy another record year. Housing starts in Canada are expected to reach a level of 240,000.

The Canadian economy is expected to show a growth of approximately 6% in real terms plus probable additional dollar increases of 3.5% to 4% as a result of inflation.

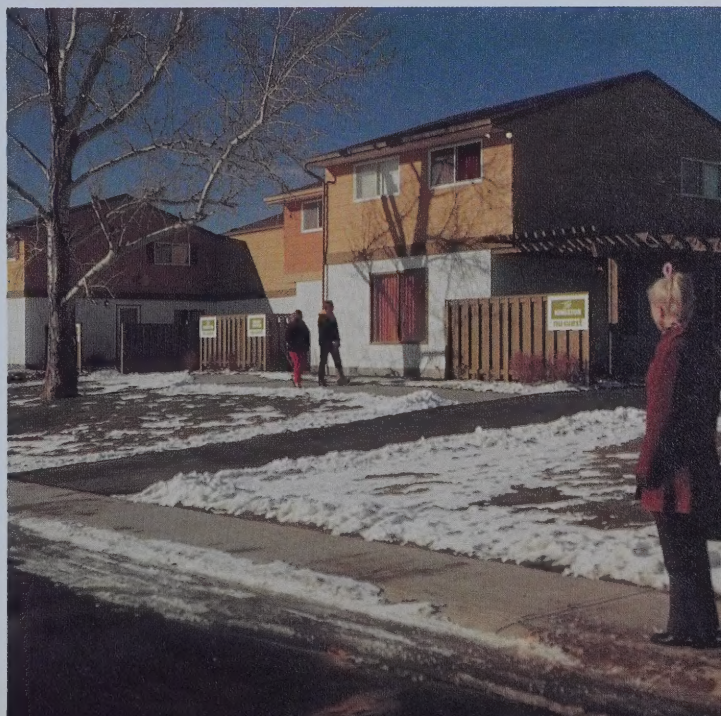
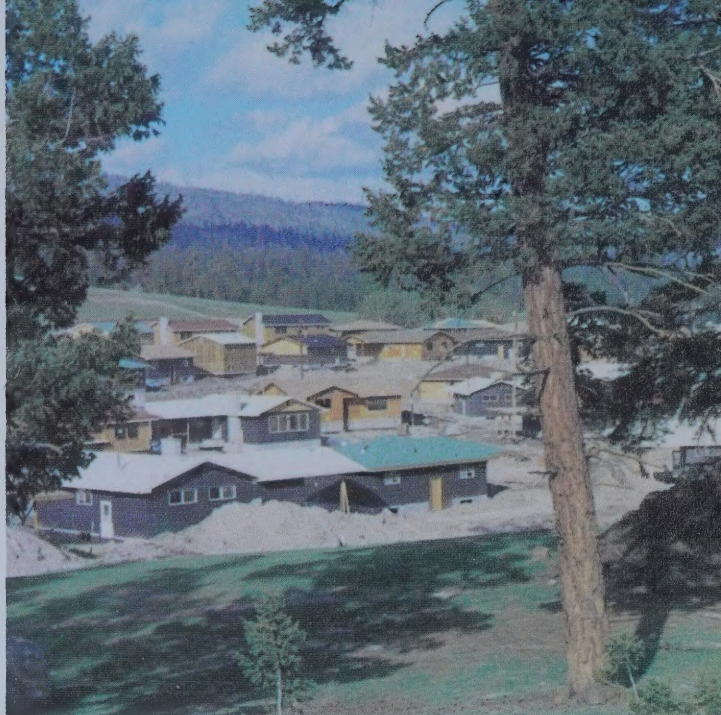
Consumer confidence is growing increasingly stronger and the federal government, together with provincial governments, is firmly committed to a strong housing program.

In particular, 1972, an election year, should bring forth a housing policy geared to the provision of home ownership for lower income families, a move which would serve to substantially increase your Company's spectrum of buyers.

Mortgage funds are plentiful and interest rates appear to be stable during the near future. In summation, we predict the climate to be highly conducive to the purchase of homes and we believe the swing back to home ownership that began in 1971 will continue into 1972 and beyond.

Our immediate goal for 1972 is to hone our operation to the highest degree of efficiency and profitability. This will be accomplished by

Another example of the resource town market at Logan Lake, British Columbia, where Nu-West has almost completed housing for Lornex Mining Corporation Limited; Vice-President, Land Division, Bruce A. Lawrence (right) with one of his regional managers; Kingsway Estates, Calgary, a successful low-priced housing project comprising a variety of single, semi-detached and link housing. The project, totalling 234 units, is almost sold out.





capitalizing upon our position in existing markets, continuing to increase our land holdings and land sales and expanding our personnel training. We have been fortunate in attracting a large number of young people to our organization who are contributing additional skills and playing an important role in the development of further sophistication of marketing techniques, construction expertise and land development.

Our long term goal is to be recognized as Canada's finest builder-developer. We are keenly aware that our growth to date has, to a large extent, been due to the value we build into every Nu-West home, together with the efficient after-sale service we afford our customers. We intend to improve on this successful combination of value and service by introducing a 10-year warranty on a large proportion of the homes we offer for sale. This will be another 'first' in the residential building industry attributable to Nu-West.

Sincere thanks must go to our customers for the increase in volume we enjoyed during the past year. Deepest appreciation, however, belongs to our dedicated and experienced staff — The Nu-West Family — who carried the Nu-West tradition of value, honesty and integrity to these customers in the surroundings most important to them — Home.

On behalf of your Board of Directors

Ralph T. Scurfield
President



Land development, a facet of Nu-West's operation experiencing rapid growth, is being carried out in Calgary, Edmonton, the Vancouver region and Kamloops; Datamation Centres (1971) Ltd., a computer service company, now owned by Nu-West and located in the head office building, provides in-house computer service in addition to maintaining contracts with outside firms. Datamation is making a modest contribution to Nu-West profits.

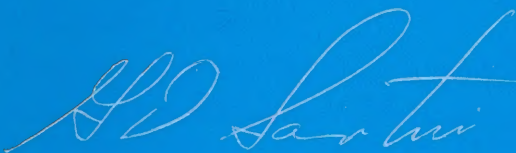
REPORT FROM THE HOUSING DIVISION

Approved sales contracts in all areas where Nu-West housing divisions are operational totalled 1,266 single-family housing units compared to 953 units in the previous year.

The value built into our homes by our dedicated construction team provides the foundation for this increase in sales. Praise must also be accorded our design staff who produced many new concepts in stylized living, and our efficient after-sales service department.

We are entering 1972 with a record number of carry-forward sales which will be taken into income during the year and, through our merchandising techniques, presales are representing a considerable proportion of our business, giving us a minimum inventory position.

The plentiful supply of mortgage money has enabled us to arrange financing for an increased housing program in 1972, a program we believe will result in the highest number of house sales in your Company's history. Realization of our projections should see the housing division make a substantial contribution to the overall profitability of your Company and spur further growth as the demand for home ownership continues.



G. D. Santini
Vice-President, (Housing)

REPORT FROM THE LAND DIVISION

The Land Division has continued its land acquisition program in the Calgary, Edmonton and Vancouver areas and, in addition, has now acquired a position in the Greater Kamloops region.

Raw land control, including joint ventures, has increased to in excess of 2,000 acres from approximately 1,000 acres in the previous year.

During the year, options were written on 775 lots, which compares with 400 lot options written in 1970. In accordance with the Company's policy of recording revenue only on closing, 513 lots and 2 other sites were recorded as revenue in 1971, compared with 367 lots and 4 commercial sites in 1970. The 1971 revenue of \$3,051,654 represents a 31% increase over 1970, and increased profit for the division was commensurate with this sales volume. This high volume of sales places the Nu-West land division in the position of being the second largest land developer in the Calgary area.

Your Company's land division has enjoyed a successful year and expects this trend to continue into 1972 with a projection of approximately 1,000 lot options and up to seven new projects under development.



Bruce A. Lawrence, P.Eng. A.L.S.
Vice-President, (Land)

MARKET AREAS

CALGARY	
Market:	24% above national average
Income:	28% above national average
Current growth rate:	47% per decade
Population (000) April 1, 1971	398.2
% change 1966-1971	+20.44

EDMONTON	
Market:	21% above national average
Income:	22% above national average
Current growth rate:	32% per decade
Population (000) April 1, 1971	458.5
% change 1966-1971	+14.25

VANCOUVER	
Market:	19% above national average
Income:	12% above national average
Current growth rate:	36% per decade
Population (000) April 1, 1971	1,036.6
% change 1966-71	+16.17

KAMLOOPS	
Market:	73% above national average
Income:	8% above national average
Current growth rate:	58% per decade
Population (000) April 1, 1971	27.6
% change 1966-71	+24.88

(Source: Survey of Markets, 1971)

Nu-West Development Corporation Ltd. and Subsidiaries

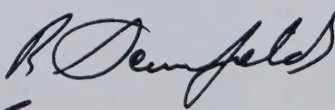
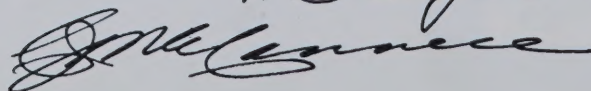
Consolidated Balance Sheet

December 31, 1971

ASSETS

	1971	1970
Cash	\$ 521,819	\$ —
Receivables, mortgage companies and customers	3,587,251	1,976,220
Income taxes recoverable	249,819	—
Houses and projects under construction and completed houses, including land, at cost	15,044,242	12,181,484
Developed construction sites, at cost (Note 2)	5,302,238	3,133,382
Subdivisions under development (Note 3)	2,956,832	1,911,526
Prepaid expenses and performance deposits	297,015	479,258
Investments (Note 4)	4,064,692	1,634,032
Land held for development (Note 5)	7,372,620	3,195,942
Rental properties under construction, at cost (Note 17)	434,763	447,702
Rental properties, at cost less accumulated depreciation 1971—\$118,968; 1970—\$119,422 (Note 6)	7,859,216	3,551,429
Buildings and equipment, at cost less accumulated depreciation 1971—\$258,782; 1970—\$172,356 (Note 6)	421,953	273,425
Organization and financing costs, less amortization	182,369	40,580
	<u>\$48,294,829</u>	<u>\$28,824,980</u>

On behalf of the board:

Director

Director

LIABILITIES

	1971	1970
Bank indebtedness (Note 17)	\$ 4,924,506	\$ 1,997,032
Payables and accruals	8,529,501	5,362,614
Mortgage advances and customer deposits	5,827,767	8,152,609
Income taxes payable	—	150,639
Payable on land held for development (Note 7)	3,928,121	1,912,556
Mortgages payable on rental properties (Note 8)	6,586,005	2,995,787
Deferred income taxes (Note 9)	1,672,954	1,233,611
6 year term loan, secured (Note 10)	4,000,000	—
8¾ % subordinated convertible debentures, Series A (Note 11)	3,000,000	—
Payable on agreements for sale (Note 12)	1,359,255	—
Deferred income on sale of rental property subject to leaseback agreement (Note 13)	197,199	—
	<u>40,025,308</u>	<u>21,804,848</u>

SHAREHOLDERS' EQUITY

Share capital (Notes 11 and 14)		
Authorized		
3,000,000 shares without nominal or par value not to exceed \$10,000,000		
Issued		
1,688,097 shares (1970—1,671,097) for a consideration of	3,128,802	3,065,052
Retained earnings	5,140,719	3,955,080
	<u>8,269,521</u>	<u>7,020,132</u>
	<u>\$48,294,829</u>	<u>\$28,824,980</u>

The accompanying notes form part of this statement.

Nu-West Development Corporation Ltd. and Subsidiaries

Consolidated Statement of Income

Year ended December 31, 1971

	1971	1970
Revenue		
Sales	\$36,437,486	\$26,957,605
Rentals	746,782	528,915
Other	921,393	734,782
	<u>38,105,661</u>	<u>28,221,302</u>
Cost of sales and operating expenses	35,449,398	25,680,285
Interest (Note 15)	783,253	667,699
Depreciation (Note 6)	170,222	117,133
Amortization of organization and financing costs	12,668	5,572
	<u>36,415,541</u>	<u>26,470,689</u>
Net income before the undernoted	1,690,120	1,750,613
Equity in net income of non-controlled corporate joint ventures and affiliates (Note 1)	315,101	55,848
Net income before income taxes	2,005,221	1,806,461
Current income taxes	380,239	730,232
Net income before deferred income taxes	1,624,982	1,076,229
Deferred income taxes (Note 9)	439,343	164,736
Net income (Note 19)	<u>\$ 1,185,639</u>	<u>\$ 911,493</u>

The accompanying notes form part of this statement

Consolidated Statement of Retained Earnings

Year ended December 31, 1971

	1971	1970
Balance, January 1	\$ 3,955,080	\$ 3,043,587
Net income	1,185,639	911,493
Balance, December 31	<u>\$ 5,140,719</u>	<u>\$ 3,955,080</u>

Consolidated Statement of Source and Use of Funds

Year ended December 31, 1971

	1971	1970
Source of funds		
Net income from operations	\$ 1,185,639	\$ 911,493
Add: Deferred income taxes	439,343	164,736
Depreciation and amortization	182,890	122,205
	1,807,872	1,198,434
Deduct: Equity in net income of non-controlled corporate joint ventures and affiliates	315,101	55,848
Cash flow from operations	1,492,771	1,142,586
Increase in		
Payables and accruals	3,166,887	1,089,186
Payable on land held for development	2,015,565	940,604
Mortgages payable on rental properties	3,590,218	(161,644)
Payable on agreements for sale	1,359,255	—
Deferred income on sale of rental property subject to leaseback agreement	197,199	—
Proceeds from		
6 year term loan	4,000,000	—
Issue of 8¾ % subordinated convertible debentures	3,000,000	—
Exercise of options on shares	63,750	—
Decrease in		
Prepaid expenses	182,243	(66,171)
Rental properties under construction	12,939	(247,656)
Increase in bank indebtedness	2,405,655	1,365,688
	\$21,486,482	\$ 4,062,593
Use of funds		
Increase in		
Receivables	\$ 1,611,031	\$ 816,864
Income taxes recoverable	249,819	—
Work in progress and developed construction sites	5,031,614	6,173,676
Subdivisions under development	1,045,306	250,000
Investments	2,115,559	599,448
Land held for development	4,176,678	1,344,392
Rental properties (net)	4,375,060	127,428
Buildings and equipment (net)	251,477	195,115
Financing costs	154,457	—
Decrease in		
Mortgage advances and customer deposits	2,324,842	(5,321,231)
Income taxes payable	150,639	(123,099)
	\$21,486,482	\$ 4,062,593

Auditors' Report

To the Shareholders:

We have examined the consolidated balance sheet of Nu-West Development Corporation Ltd. and subsidiaries as at December 31, 1971 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
March 9, 1972

Winifred Higgins Stevenson & Co.
Chartered Accountants

Nu-West Development Corporation Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 1971

1. Principles of Consolidation and Accounting Presentation

- a) The consolidated financial statements include
 - i) The assets and liabilities and results of operations of all of its subsidiaries, and
 - ii) The proportionate share of the assets, liabilities, income and expenses of the Company's interest in unincorporated joint ventures.
- b) The consolidated net income of the Company includes its share of the net income or losses of non-controlled corporate joint ventures and affiliates. The carrying value of the related investments has been adjusted to reflect the Company's equity in the book value of the underlying net assets of the non-controlled corporate joint ventures and affiliates (Note 4).

2. Developed Construction Sites

Developed construction sites include option deposits of \$137,097 (1970 — \$47,041). To acquire the construction sites under option, an additional expenditure of \$1,628,940 (1970 — \$544,699) will be required.

3. Subdivisions Under Development

	1971	1970
Subdivisions under development, at estimated developed cost	\$3,934,832	\$2,565,526
Deduct: Estimated cost to complete (Note 17(b))	978,000	654,000
Subdivisions under development, including development costs, at cost to date	<u>\$2,956,832</u>	<u>\$1,911,526</u>

4. Investments

	1971	1970
In non-controlled corporate joint ventures engaged in land development and operating income producing properties		
Common shares (Note 18)		
Equity value	\$1,147,775	\$ 386,027
Excess of cost of shares over equity value		
1. Allocated to estimated market value of the underlying net assets over book value	998,222	98,301
2. Allocated to goodwill	—	41,414
	<u>2,145,997</u>	<u>525,742</u>
12% cumulative, redeemable preferred shares, at cost	30,000	15,000
8% debentures, due during the period 1972 to 1978, at cost (Note 18)	166,150	157,375
8% debentures, due June 1, 1979, at cost less unpaid subscriptions (Note 18)	245,000	56,250
	<u>441,150</u>	<u>228,625</u>
Interest bearing loans	173,000	59,048
	<u>2,760,147</u>	<u>813,415</u>
Deposit (Note 17(d))	50,010	—
Common shares in affiliates, at equity value	55,241	9,630
Mortgages on houses sold by the Company	1,199,294	810,987
	<u>\$4,064,692</u>	<u>\$1,634,032</u>

5. Land Held for Development

Land held for development, including option deposits of \$163,750 (1970 — \$69,848), is stated at the lower of cost, plus applicable interest and real estate taxes, or market. Interest and real estate taxes capitalized during 1971 amounted to \$289,686 (1970 — \$60,571). To acquire the land under option an additional expenditure of \$2,903,630 (1970 — \$600,632) will be required.

The undeveloped land of the Company and its non-controlled corporate joint ventures was appraised by independent appraisers as at December 31, 1971. Based on these appraisals, land held by the Company has an appraised value of \$11,763,968 which is \$4,391,348 in excess of book value, and its proportional share of land held by non-controlled corporate joint ventures has an appraised value of \$8,166,117 which is \$4,950,262 in excess of book value. The total appraised value of the Company's undeveloped land, owned directly and indirectly, as described above, exceeds book value by \$9,341,610.

The appraisal of the Company's undeveloped land resulted in \$55,709 being written off to expense recognizing circumstances where appraisal values were below cost.

6. Depreciation Policy

The Company follows the sinking fund method of accounting for depreciation of rental properties. Under this method building costs are being written off over the estimated useful life in annual amounts increasing at the rate of 5% compounded annually. The estimated useful life is 50 years for office and major apartment buildings and 40 years for townhouses and smaller rental units. Other buildings and equipment are depreciated on the diminishing balance basis at annual rates of 30% and 20%.

7. Payable on Land Held for Development

Agreements for sale totalling \$3,928,121 are repayable as to principal approximately as follows:

1972	\$2,112,473
1973	776,920
1974	584,114
1975	253,979
1976	102,500
Subsequent to December 31, 1976	98,135
	<u>\$3,928,121</u>

8. Mortgages Payable on Rental Properties

Mortgages amounting to \$6,586,005 bearing interest at rates varying from 6¼ % to 10¾ % and maturing at various dates between 1982 and 2021 are repayable as to principal approximately as follows

1972	\$ 50,178
1973	53,112
1974	57,144
1975	64,290
1976	67,622
Subsequent to December 31, 1976	6,293,659
	<u>\$6,586,005</u>

9. Deferred Income Taxes

Deferred income taxes are recorded with respect to capital cost allowance claimed for income tax purposes in excess of depreciation recorded in the accounts and with respect to deferred utility costs expended on the development of subdivisions, interest and real estate taxes on undeveloped land, and financing costs which have been claimed as expense deductions for income tax purposes.

10. 6 Year Term Loan

The term loan is repayable to a Canadian Chartered bank with interest at the greater of 8% per annum or 1½ % above the prime bank rate, in six equal annual instalments payable on November 1 in each year commencing November 1, 1972. To secure this loan, which is evidenced by a promissory note, the Company has hypothecated by way of collateral security, a first floating charge debenture in the amount of \$4,000,000.

11. 8¾ % Subordinated Convertible Debentures, Series A

The 8¾ % subordinated convertible debentures which mature in 1991 are secured by a second floating charge on the assets of the Company. These debentures are subject to certain sinking fund requirements which commence in 1982.

The debentures may be converted into common shares on the basis of 95 shares for each \$1,000 of debenture principal up to and including June 15, 1976, and 85 shares for each \$1,000 of debenture principal up to and including June 15, 1981.

12. Payable on Agreements for Sale

Balances payable on agreements for sale arise from the acquisition of shares and debentures of certain subsidiary companies and are secured. The balances payable, together with interest at varying rates, are repayable as to principal as follows:

1972	\$ 281,233
1973	204,011
1974	174,011
1975	100,000
1976	100,000
Subsequent to December 31, 1976	500,000
	<u>\$1,359,255</u>

13. Deferred Income on Sale of Rental Property Subject to Leaseback Agreement

During 1971, the Company entered into a sale and leaseback agreement with respect to certain rental property. The property was sold for \$2,578,000 and simultaneously leased back for a ten year period at an annual rental of \$237,875. The annual rental may be increased in the event that net rental income from the property exceeds a stipulated basic amount.

The profit of \$197,199 resulting from this transaction will be transferred to income annually over the term of the lease. No profit was recorded on this transaction during 1971 as the sale was completed in December.

14. Share Capital

a) During the year 17,000 shares were issued at \$3.75 per share pursuant to the Company's stock option plan.

b) The Company has a stock option plan under which options on 93,000 shares are outstanding. The options have been granted to full time employees, including certain senior officers, at an option price of \$3.75 per share.

The options are for a five year period, of which one year has expired, but exercisable as to not more than 35% in any one year by each optionee, subject to the approval of the Board of Directors of the Company. All options expire in 1975.

Of the options on 93,000 shares outstanding the directors have approved the release of 15,000 options on shares, including 10,750 approved for release on February 3, 1972.

15. Interest

Interest expense includes the following:

	1971	1970
Interest on long term debt	\$ 833,157	\$ 306,242
Interest on bank demand loans and other indebtedness	214,992	431,658
	<u>1,048,149</u>	<u>737,900</u>
Less: Interest applicable to land held for development	264,896	70,201
Interest expense — net	<u>\$ 783,253</u>	<u>\$ 667,699</u>

16. Remuneration to Directors and Senior Officers

The aggregate direct remuneration to directors and senior officers for the year amounted to \$276,038, which amount included \$5,200 in directors' fees. In addition, legal fees of \$46,174 were paid to the firm of barristers and solicitors of which one of the directors is a partner.

17. Contingent Liabilities and Commitments

a) The bank indebtedness is secured by a general assignment of receivables.

b) The Company is committed to spend an estimated \$978,000 to complete subdivisions under development. These commitments arise from development agreements entered into with the City of Calgary.

c) The cost to complete the rental properties under construction is estimated at \$971,000. Mortgage financing in the amount of \$1,200,000 has been arranged on these properties.

d) In order to exercise an option to acquire additional shares in a non-controlled corporate joint venture, a further cash payment of \$292,500 will be required prior to October 1, 1972.

18. Subsequent Events

On February 11, 1972, the Company accepted an offer to convert its investment in shares and debentures of Base Holdings Ltd., a non-controlled corporate joint venture, for 8% subordinated convertible debentures in the amount of \$397,900 of Carma Developers Ltd., another non-controlled corporate joint venture in which the Company has a substantial interest. In addition, the Company converted its 8% debentures of Carma, at par, for 8% subordinated convertible debentures of Carma and purchased a further \$90,452 of these debentures at that time. Concurrent with the conversion of debentures of Base for convertible debentures of Carma, the subscription requirements with respect to the Base debentures were cancelled.

19. Net Income per Share

	1971	1970
Per common share — assuming no dilution	\$.70	\$.55
Per common share — assuming full dilution	\$.68	\$ —

The fully diluted net income per share reflects income that would have been reported had the 8¾ % subordinated convertible debentures been converted on the date of issue.

ACCOUNTING POLICIES

The Company has consistently applied accounting policies which it believes to be more conservative than those recommended by the Canadian Institute of Chartered Accountants Accounting for Real Estate Development Operations Research Study and by the Canadian Institute of Public Real Estate Companies. As a result the Company's accounting policies fully conform to these recommendations and no changes in accounting policies were required.

HOUSE SALES

Revenue from the sale of a house is recorded at the time of acceptance of the completed home by the purchaser.

LAND SALES

Revenue from the sale of land is recorded on closing. No profits are recorded on conditional sales or option agreements.

LAND COSTS

Land held for development is recorded at cost plus interest on debt and property taxes. The cost of land is prorated over the saleable acreage in that area. Development costs are averaged over the acreage to which they relate. Interest applicable to subdivision development and property taxes applicable to developed lots are charged to operations as incurred.

APARTMENT AND COMMERCIAL CONTRACTS

Revenue on cost plus contracts is recorded on a progress basis. Revenue on fixed contracts is recorded only on projects completed or substantially completed (over 90%). In cases where large projects are completed in phases, revenue is recorded on completion or substantial completion of each phase.

INCOME PROPERTIES

Income producing properties developed by the company are shown at cost by the company, including interest costs during the period of construction.

RENTAL REVENUE

Revenue from rental properties is recorded as earned.

DEPRECIATION

See Note 6 to Financial Statements.

DEFERRED INCOME TAXES

See Note 9 to Financial Statements.

INVESTMENTS

See Note 4 to Financial Statements.

COST CONTROL

All construction and development is subject to a system of budget controls which are strictly applied. Broadly, these controls incorporate an approved budget for each project broken down into cost categories, monthly posting of costs by category to individual master cost sheets, a monthly print-out of budget overages and underages together with monthly reviews carried out by the construction or development manager. The accounting part of this system is fully mechanized through the use of computer input equipment and a computer service bureau.

HISTORY OF GROWTH

	1967	1968	1969	1970	1971
Revenue					
Sales	\$11,696,539	\$13,080,367	\$17,490,313	\$26,957,605	\$36,437,486
Rentals	141,476	245,668	473,842	528,915	746,782
Other	288,609	497,400	516,898	734,782	921,393
	12,126,624	13,823,435	18,481,053	28,221,302	38,105,661
Cost of sales and other operating expenses	11,325,260	11,926,713	16,107,635	25,680,285	35,449,398
Interest	125,002	158,758	250,781	667,699	783,253
Depreciation	33,220	37,880	77,144	117,133	170,222
Amortization	—	—	5,072	5,572	12,668
	11,483,482	12,123,351	16,440,632	26,470,689	36,415,541
Net income before the undernoted	643,142	1,700,084	2,040,421	1,750,613	1,690,120
Net income of non-controlled corporate joint ventures and affiliates	28,970	19,588	78,046	55,848	315,101
Net income before income taxes	672,112	1,719,672	2,118,467	1,806,461	2,005,221
Current income taxes	223,788	379,642	523,963	730,232	380,239
Net income before deferred income taxes	448,324	1,340,030	1,594,504	1,076,229	1,624,982
Deferred income taxes	57,901	439,924	475,734	164,736	439,343
Net income	\$ 390,423	\$ 900,106	\$ 1,118,770	\$ 911,493	\$ 1,185,639

Nu-West Development Corporation Ltd. and Subsidiaries

COMPANY DIRECTORS

R. T. SCURFIELD, B.Sc.
Calgary, Alberta
President and Director

C. J. McCONNELL, P.Eng.
Edmonton, Alberta
Senior Vice-President and Director

G. D. SANTINI
Calgary, Alberta
*Vice-President, (Housing)
and Director*

O. E. BUKER
Calgary, Alberta
Director

H. G. FIELD, Q.C.
Edmonton, Alberta

COMPANY OFFICERS

R. T. Scurfield, B.Sc.
President

C. J. McConnell, P.Eng.
Senior Vice-President

G. D. Santini
Vice-President, (Housing)

W. D. Mross
Vice-President, (Housing)

B. A. Lawrence, P.Eng., A.L.S.
Vice-President, (Land)

R. H. Perell, C.A.
Treasurer

D. E. Jenkins, B.A., LL.B.
Secretary

D. B. Watson, B.A., LL.B.
Assistant Secretary

EXECUTIVE OFFICES

301 - 14th Street N.W.
Calgary 41, Alberta, Canada

CALGARY HOUSING DIVISIONS

North Calgary Administrative Office
319 - 72nd Avenue N.E.

South Calgary Administrative Office
12027 Elbow Drive S.W.

East Calgary Administrative Office
4320 - 7th Avenue S.E.

EDMONTON HOUSING DIVISIONS

West Edmonton Administrative Office
10534 - 124th Street

Sherwood Park Administrative Office
3 Milburn Place, Sherwood Park

VANCOUVER HOUSING DIVISION

Royal Fraser Building
320 Columbia Street
New Westminster, British Columbia

KAMLOOPS HOUSING DIVISION

#203 Professional Building
141 Victoria Street
Kamloops, British Columbia

TRANSFER AGENTS AND REGISTRARS – Common shares

Montreal Trust Company
Head Office: 755 Dorchester Blvd. West
Montreal, Quebec, Canada

Calgary Office: 411 - 8th Avenue S.W.
Calgary, Alberta, Canada

TRUSTEE

8¾ % Subordinated Convertible
Debentures due 1991

Canada Permanent Trust Company
Head Office: 320 Bay Street
Toronto 1, Ontario, Canada

Calgary Office: 315 - 8th Avenue S.W.
Calgary, Alberta, Canada

LISTING

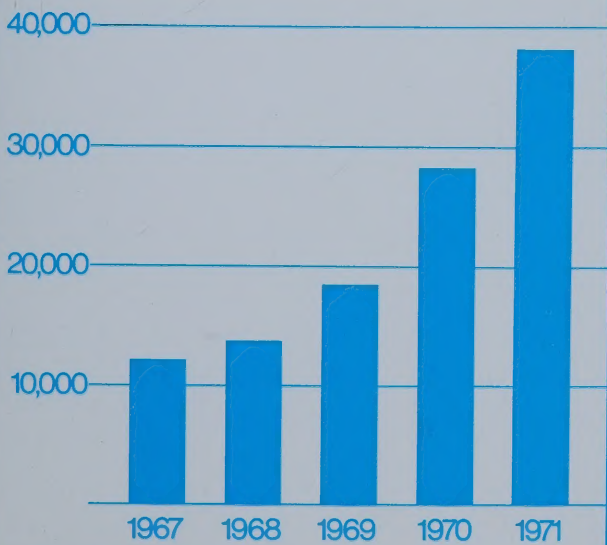
Toronto Stock Exchange

AUDITORS

Winspear Higgins Stevenson & Co.
Head Office: 800 - 36 Toronto Street
Toronto, Ontario, Canada

Calgary Office: 209 - 606 - 7th Avenue S.W.
Calgary, Alberta, Canada

Total Revenue
(in thousands of dollars)



Net Income
(in thousands of dollars)

